

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6909

BILL NUMBER: HB 1317

NOTE PREPARED: Jan 2, 2010

BILL AMENDED:

SUBJECT: Use of money in city or town fund.

FIRST AUTHOR: Rep. Michael

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *CCI Funds:* This bill permits money in a cumulative capital improvement (CCI) fund of a city or town to be used for any governmental purpose for which money is appropriated by the fiscal body of the city or town.

Temporary Loans: The bill allows a city or town to reclassify certain loans from one fund to another as a permanent transfer.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *CCI Funds:* Under current law, a city or town may have two Cumulative Capital Improvement (CCI) Funds, one that is funded with property tax levies and the other funded with cigarette tax distributions. This provision affects only the cigarette tax-funded CCI fund.

Currently, money in the fund may be used to pay for:

- 1) The purchase buildings, land, easements, or rights-of-way;
- 2) Construction or improvement of city owned property;
- 3) Technology systems;
- 4) Computer maintenance employees;
- 5) In-service technology training;

- 6) Retiring bonds issued for one of the above purposes; and
- 7) Internet application development.

This provision would also allow cities and towns to use money in the fund for any other governmental purpose.

In 2009, 436 municipalities had a CCI (cigarette tax) fund. The total budgeted year-end cash balance for 2009 was \$10.5 M in 296 units and zero for the rest.

Temporary Loans: Under current law, taxing units may make temporary loans from one fund to another. The loans must be repaid to the original fund by the end of the year. Under this provision, cities and towns would be permitted to, by ordinance, determine that the transfer is permanent with no repayment. This action could not be taken in a case where the loan was made from a special taxing district, a debt service or lease rental fund, a cumulative fund, or a utility. Depending on local action, this provision would allow additional expenditures from some funds while reducing expenditures from others.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Cities and towns.

Information Sources: Local Government Database, DLGF.

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